

Message Text

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ACTION EUR-12

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SUBJECT: VIEWS OF INDONESIAN DIPLOMAT ON SOVIET-INDONESIAN ECONOMIC
RELATIONSHIP AND SECURITY OF SEA

REF: JAKARTA 8435

1. SUMMARY. INDONESIAN CHARGE TOLD EMBASSY OFFICERS AUGUST 26
THAT PLANS FOR SOVIET PARTICIPATION IN CONSTRUCTION OF BINTAN ISLAND
ALUMINA PROCESSING PLANT (REFTEL) ARE GOING FORWARD, WITH EXCHANGE
OF TECHNICAL TEAMS UNDERWAY AND TIME RIPE FOR "PILOT STUDY".
CHARGE ALSO EXPRESSED GUARDED OPTIMISM ABOUT FUTURE OF VIETNAMESE-
INDONESIAN RELATIONS, WITH HANOI ALLEGEDLY DEMONSTRATING INDEPENDENCE
FROM MOSCOW AND PEKING AND INTEREST IN BETTER RELATIONSHIP TO
NEIGHBORS IN SEA. END SUMMARY.

2. IN CONVERSATION WITH ACTING POL COUNSELOR AT BANGLADESH
RECEPTION AUGUST 26, INDONESIAN CHARGE DJANI GAVE UPDATE ON STATUS
OF BINTAN ISLAND ALUMINA PROJECT, OMITTING SOME DETAILS BUT ADDING
OTHERS TO WHAT IS REPORTED REFTEL. DJANI SAID SOVIET TECHNICAL
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TEAM HAD VISITED INDONESIA, AND INDONESIAN TEAM SCHEDULED TO

ARRIVE HERE SOON; TIME IS RIPE FOR "PILOT STUDY" GOING BEYOND FEASIBILITY STUDY. INDONESIANS IN PAST TWO MONTHS HAVE SENT TEAMS TO TURKEY AND YUGOSLAVIA, WHICH HAVE SIMILAR COOPERATIVE PROJECTS WITH SOVIETS, MAINLY TO EXAMINE HOW THE TURKS AND YUGOSLAVS CONTROL IN-COUNTRY SOVIETS. INDONESIANS WERE AIMING AT 700,000 TON ANNUAL PRODUCTION, ONE OF WORLD'S LARGEST, TIED TO ELECTRICITY FROM SOVIET-BUILT HYDROELECTRIC STATIONS, WITH PART OF PRODUCTION GOING INTO PAYBACK FOR SOVIETS. (TURKISH DCM KAMEL, WHO WAS PRESENT, SAID TURKS HAD PAYBACK ARRANGEMENT FOR THEIR 60,000 TON PLANT, WHICH THEY WISHED NOW TO EXPAND TO 120,000 TONS ANNUALLY.) OVERALL, DJANI SAID, HE WAS OPTIMISTIC, BUT PROGRESS WAS VERY SLOW, AND THE INDONESIANS ARE VERY CAREFUL: THEY ARE "OLD ENOUGH" TO KNOW THAT THERE IS NO AID WITHOUT STRINGS.

3. CHARGE, WHO DESCRIBES HIMSELF AS ASIAN SPECIALIST AND WHO WAS IN CHARGE OF INDONESIAN MISSION IN CAMBODIA AT TIME OF 1975 EVACUATION, EXPRESSED GUARDED OPTIMISM TO E/C COUNSELOR ON SAME OCCASION ABOUT PROSPECTS FOR PEACEFUL RELATIONSHIP WITH VIETNAM. HE DISMISSED CRITICISM OF ASEAN AT RECENT NON-ALIGNED CONFERENCE AS MINOR MATTER "INTRODUCED BY LAOS". CHARGE PREDICTED VIETNAM WOULD BECOME INCREASINGLY INDEPENDENT OF USSR AND PRC ALIKE AND WOULD, WITH INDONESIA, BECOME ONE OF TWO CHIEF POWERS IN SEA. CHARGE CONCEDED THAT THERE WERE SOME UNRESOLVED ISSUES ABOUT TERRITORIAL DEMARCATION LINE; IF OIL WERE FOUND IN WATERS BETWEEN THE TWO COUNTRIES, INDONESIA WOULD PRESS ITS CLAIMS - "WE HAVE ONE HUNDRED AND FIFTY MILLION MOUTHS TO FEED". CHARGE SAID HANOI WOULD BE TOO INVOLVED IN OWN RECONSTRUCTION TO ENGAGE IN HOSTILE ACTIVITY TOWARDS NEIGHBORS. VIETNAMESE RECENTLY ASSURED INDONESIANS IN JAKARTA THAT THEY HAVE NO PLANS TO PROVIDE SURPLUS WEAPONS TO REBELS IN ASEAN COUNTRIES. ASKED IF VIETNAMESE PROMISES WERE TRUSTED, CHARGE COMMENTED, "THAT'S WHAT THEY TELL US."

4. CHARGE EXPRESSED SATISFACTION WITH WHAT HE TERMED GENERAL ACCEPTANCE OF 85/15 SPLIT ON ENERGY PRODUCTION-SHARING CONTRACTS IN INDONESIA. NOTING HE HAD FOUGHT WITH INDONESIAN 1945 REVOLUTIONARIES, WEARING TATTERED CLOTHES, CHARGE EXPRESSED BEWILDERMENT WITH ATTITUDES OF INDONESIAN YOUTH WHO HE SAID ARE OBJECTING TO PROJECTED GROWTH RATE OF SEVEN LIMITED OFFICIAL USE

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